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UNDP strategic plan, 2008-2011

UNDP strategic plan, programming arrangements and biennial budget*

I. Background

1. At its first regular session in January 2006, the Executive Board requested that UNDP submit an annotated outline of its new multi-year funding framework for 2008-2011. The Executive Board had also requested UNDP to undertake an assessment of its current programming arrangements and submit, for the 2008-2011 period, a proposal for synchronization of the processes leading to the endorsement of future strategic plans and programme financial frameworks. Additionally, the Board requested UNDP to develop and present a results-based biennial support budget, harmonized with the United Nations Children's Fund (UNICEF) and UNFPA.

2. The multi-year funding framework (MYFF) has in recent years been the main results-based instrument of UNDP. For 2008-2011, UNDP will present a strategic plan, which will replace the current MYFF.[1] The strategic plan will contain the Administrator's proposals regarding the overall strategic vision and programme priorities of UNDP for this period, along with the supporting resource envelope.

3. 'Programming arrangements' refers to the detailed plan for overall regular resource allocation which provides the basis for authorization by the Executive Board of the UNDP financial framework. They are normally approved by the Board every four years.

4. The UNDP biennial support budget covers a range of regular resource budgetary expenditures that include United Nations support, programme support and management and has traditionally been approved for a two-year period. The next

[1] The proposal to develop a 'strategic plan' follows a management decision to harmonize UNDP results management terminologies as much as possible with other United Nations sister organizations. The strategic plan is also a response to various informal requests from Board members for a document which not only sets out the framework of what UNDP does, but also provides information on the aspirations, concrete objectives and targets of the organization.

* The compilation of data required to present the Executive Board with the most current information has delayed submission of the present document.

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biennial support budget will be submitted for approval by the Executive Board in 2007 for the period 2008-2009.

5. The three instruments are intimately linked. The biennial support budget is a sub-component of the overall allocation of resources and, along with the programming arrangements, should reflect the strategic vision and priorities contained in the strategic plan. The instruments, however, have not been fully integrated in the past, and have not been approved as part of a unified process.

6. These three critical strategic, planning and budgetary instruments and processes will come together for the first time in 2007. The Administrator believes that 2007 presents an opportunity to introduce a simplified, unified process that will provide greater transparency to facilitate the Board's work. The Triennial Comprehensive Policy Review (TCPR) has consistently called for simplification and harmonization in management processes. This is a theme that has been picked up also by the High-level Panel on United Nations System-wide Coherence, and it is further the focus of the implementation of the 2005 Paris Declaration on Aid Effectiveness. The Administrator seeks to apply these principles to the basic processes underlying the strategic and financial frameworks of UNDP. The new programming arrangements and biennial support budget will be approved in line with the strategic plan, 2008-2011.

7. The purpose of the present paper is to provide an overview of the way that the Administrator proposes to proceed with such an integrated process in 2007 and to identify some of the key issues that will require Board decisions. 2007 promises to be an intensive year and the Administrator and his senior management team are committed to engaging in an extensive process of consultation with all Board Members during the course of the year to ensure successful completion of the work by year's end.

8. The present paper first proposes the broad development vision that will inform the entire process. It then outlines relevant issues that will require decisions in the strategic plan, programming arrangements and biennial budget. The annex contains a detailed outline of the proposed strategic plan. The Executive Board also has received an analysis of previous experience with the programming arrangements. This paper looks forward, building on that analysis, and provides a time line and proposed approach for consultations with the Board over the coming year.

II. Context

9. The formulation of the strategic plan, 2008-2011, is being influenced by a number of important internal and external events and processes, as well as by the lessons learnt from the implementation of the MYFF, 2004-2007.

10. Within the global landscape the paramount issue remains overcoming critical constraints to the advancement of human development and the achievement of the Millennium Development Goals (MDGs). As the global community approaches the mid-point on the MDG timetable there is little reason for comfort or complacency based on the scorecard of progress made to date. The main human development challenges facing the global community today include:

(a) Uneven growth, increasing inequalities, and global health crises;
(b) Deficits in democracy, participation and post-elections governance;

(c) Environmental degradation and climate change;
(d) Conflicts and disasters (natural and man-made);

11. The precept that economic growth is indispensable to human development has long been established. All the major global studies undertaken in the last few years have similarly concluded that economic growth, accelerated in some regions, is essential for achieving the MDGs. But it is also apparent that, in spite of tremendous economic growth recorded in many parts of the world, overall levels of poverty and inequality remain high and, in some regions, have become more acute. Of these inequalities, gender disparities are among the most visible and the most deleterious to the achievement of development goals overall. Indeed, so sobering are the data on global income disparities that it is not an exaggeration to refer to the beginning of the 21st Century as a time of exploding inequalities. It is a time when rapid growth is leaving behind a sizeable number of the world's poor.

12. At the same time, and notwithstanding the increase in the number of countries that have adopted democratic systems and practices, there remain considerable gaps in the capacity of many states to make democracy work for all of their citizens. A hugely limiting factor is the exclusion of women – in a large number of countries, to different degrees – from political decision-making. The lack of capacity of many states to deliver basic services for citizens; to empower all citizens and promote good governance; to facilitate inclusive and pro-poor economic growth; to protect natural resources adequately; and to manage emerging crises and disasters, such as the impact of HIV/AIDS on development, could lead to reversals in the democratic advances that have been made, as cautioned in the pioneering study *Democracy in Latin America* (UNDP, 2004).

13. Environmental degradation continues unabated in many parts of the world and hampers national efforts to reduce poverty. Alongside well-established problems such as land degradation and deforestation in rural areas, or air and water pollution in urban areas, climate change threatens to undermine much of the development work being done today.

14. Devastating conflicts and disasters have shaken the global community over the last few years, providing unpleasant reminders of how crises can derail development progress. The impact of events such as the Asian tsunami, the earthquake in Pakistani, wars in Iraq and Afghanistan, the Atlantic hurricanes, and the human tragedies in Somalia – to name a just few – are constant reminders that crisis prevention and recovery will continue to demand increased attention from the global community in the coming years.

15. In addition to these complex development challenges, UNDP has to respond to growing pressures for reform of the global aid environment in general and the United Nations system in particular. The messages emanating from the TCPR, the Paris Declaration, the 2005 World Summit, and the recent high-level panel reports on United Nations reform make a consistent, persuasive case for reform.

16. These influences constitute a major impetus for UNDP to review its development focus and priorities, its business model and institutional arrangements, and its role within the United Nations development system. The strategic plan, 2008-2011, will be the instrument that communicates the UNDP response to these calls for reform and articulates its priorities for the coming period.

17. In addition to the challenges presented above, the lessons learned from the implementation of the MYFF, 2004-2007, will contribute critical inputs into the

design of the strategic plan 2008-2011. A few of these lessons are summarized below.

18. First, the experience has shown that in regions such as Asia and the Pacific and Latin America, the focus on facilitating development and growth has produced significant results, but the returns in terms of poverty reduction have been limited. In many cases there have been significant increases in the levels of inequality both within and among countries. This is a major factor behind the UNDP proposal for enhanced emphasis on inclusive development and pro-poor growth in the strategic plan, 2008-2011.

19. Second, democratic governance has become one of the principal areas of work for UNDP. Much of this programming was centred on elections and decentralization. However, the number of countries that have seen reversals of democracy over the same period highlights the need for UNDP to increasingly shift its focus to making democracy work better, and to making state institutions more effective in meeting the needs of citizens. The experience of UNDP also builds a strong case for greater focus on inclusive participation, and promoting transparency and accountability.

20. In the area of crisis prevention and recovery, a core lesson that emerged from a formal evaluation of the work of UNDP relates to the need to integrate crisis prevention more closely into development interventions, and to create an early and smooth transition from recovery to development planning. Much of the proposed UNDP programming in early recovery – which is briefly outlined in this paper and the attached outline – is a direct result of management deliberations on these findings.

21. In Africa, promising prospects for growth in many countries have dramatically been clouded by major health crises, particularly HIV/AIDS.

22. In the area of environment and energy there has been a striking intensification of the challenge to contribute to the global response to climate change while at the same time supporting growth and access to sources of energy for millions of poor people. Addressing the range of instruments required – varying from sophisticated carbon credit marketing to large-scale interventions in sustainable energy carriers – will demand a sharpening of focus and will necessitate solid partnerships and a clear division of labour, notably with the United Nations Environment Programme (UNEP) and the World Bank, in the highly valued Global Environment Facility framework.

23. On the institutional side, the global roll-out of the MYFF in 2004 represented a considerable advance for UNDP in improving its internal control framework and setting higher standards of accountability. Both formal and informal assessments indicate that the MYFF has succeeded in bringing greater focus to the previously dispersed programmatic activities of UNDP and has helped ensure that emphasis is placed increasingly on cross-cutting priorities such as gender equality, capacity development, partnerships, and national ownership in country-level programming. One example of this has been seen in the area of gender, where many country offices have identified and acted upon the need for further investment in capacity-building of national counterparts and country office staff to incorporate gender-sensitive perspectives into programming and projects. South-South cooperation has had a similar effect in encouraging intra-regional knowledge exchanges.

24. Notwithstanding these important achievements, the MYFF has struggled to fulfill a role in the strategic management of UNDP. This is due partly to the design of the MYFF, which was geared mainly to strengthening focus and alignment by specifying process indicators that sometimes are – but more often are not – sufficient to permit an understanding of direct or indirect development impact. The strategic plan, 2008-2011, seeks to take results-based management a step further by providing an instrument that: (a) clearly articulates UNDP priorities, objectives, targets and performance indicators; (b) creates a solid basis for internal resource allocation; and (c) sets a stronger platform for comprehensive results management.

III. The strategic plan

25. The vision and mission of UNDP are firmly anchored in the values and objectives of the Millennium Declaration.

26. The continuing and unchanging vision of the organization is of a more peaceful, stable, democratic and equitable world, committed to the promotion of sustainable human development. UNDP envisions a world where significant and lasting improvements are made in the living conditions and choices available to all people, but particularly to the poor and marginalized. The global advocacy efforts of UNDP, including the Human Development Reports, will be marshaled to support the values and goals outlined above. UNDP will seek to ensure a more systematic and consistent effort to support follow-up to the recommendations of Human Development Reports at the national, regional and global levels.

27. The MDG agenda will continue to frame the objectives and priorities of the strategic plan, 2008-2011, which will emphasize the role of UNDP in supporting the development and implementation of MDG-based national and sub-national development strategies. A crucial task will be to permanently monitor progress and deficits in meeting the MDGs at the country and regional level, as well as at sub-national levels, to identify disparities within countries. Needs assessments should be updated regularly as part of the appeal to the international community to live up to the joint 2000-2015 commitment. Improving the collection and quality of data will be essential, and UNDP will be joining hands with many partners, particularly the Department of Economic and Social Affairs (DESA), the United Nations regional commissions and the World Bank.

28. For this strategic plan period, given the growing inequalities highlighted above, UNDP will take inclusive growth and development as the connecting theme in its policy, programmatic and advocacy work, which will aim to include the poor, women and marginalized groups in development.

29. Democratic governance is a powerful tool for promoting inclusion, and UNDP is one of the world's largest providers of technical cooperation for democratic governance. During 2008-2011, the organization will leverage its leadership position in this area to promote the goals of inclusive participation and responsive governance and to strengthen state capacity to deliver services. Economic governance, particularly those aspects dealing with the provision of support to institutions and mechanisms that nurture and foster inclusive economic growth and socially responsible private sector development, is of emerging importance, building on the comparative advantage of UNDP with respect to the governance aspects of human development.

30. Helping countries prepare for and overcome the obstacles associated with unsustainable environmental management, climate change, conflict and disaster will constitute another set of strategic results for UNDP to achieve during 2008-2011. The natural environment is the foundation on which poverty reduction efforts must be built. The poor live in the most marginal areas and are the most exposed and vulnerable to environmental degradation and natural disasters. UNDP will invest in enhancing its support for early recovery, focusing in particular on establishing firm economic, social and institutional foundations for sustainable development.

31. The values and principles contained in the Millennium and Paris Declarations provide the broad parameters and reference points for the specific values and operational principles that will be integrated in all aspects of UNDP work. These values and principles include: national ownership; capacity development; gender equality and the empowerment of women; civic engagement; and the promotion of human rights. In addition to being an operational principle, gender equality and women's empowerment will be pursued as a development goal in its own right. UNDP will continue to promote partnerships, South-South cooperation, and active multilateralism as approaches for increasing development effectiveness.

32. The strategic plan is also underpinned by continuing UNDP commitment to promoting accountability and transparency and focusing on results. The plan will outline high-priority management initiatives aimed at strengthening financial management and defining a comprehensive accountability framework, systematically incorporating risk management and improving results management across the organization. The strategic plan will be presented with a monitoring and evaluation framework that will provide a basis for reporting on UNDP performance in connection with direct and indirect impact on development. This has to be an evolving process, given that improving public sector results reporting is quite a complex exercise, both at national and international levels. Nonetheless, it is a task to which the organization is firmly committed.

33. The responsibilities of UNDP as manager and funder of the resident coordinator system have been elaborated over successive General Assembly resolutions. The most 2004 TCPR (A/RES/59/250) reaffirmed that role and provided guidance on the manner in which UNDP should discharge those responsibilities. UNDP is defining a comprehensive package of measures to further enhance its role as manager of the resident coordinator system in accordance with the TCPR recommendations. The recommendations of the High-level Panel on System-wide Coherence provide further suggested guidance on how to make the system more effective.

34. Measures will include clear objectives and precise indicators. They will include:

(a) *Strengthening support to the United Nations system-wide development agenda and promoting active follow-up on this agenda throughout the system.* United Nations partners must have confidence in the capacity of the resident coordinator system to represent and advocate for their mandated development agendas, while programme countries must have complete confidence that the resident coordinator system will reflect their national policies and priorities and the characteristics of their development situation as reflected in international agreements, including with respect to least developed countries, landlocked countries, and small island developing states.

(b) *Strengthening United Nations system-wide coordination.* This includes (i) designing more strategic UNDAFs that deliver measurable impact and define more clearly the comparative advantage of the United Nations system, ensuring full access to the experience and services of the system, especially by non-resident organizations; (ii) further enhancing the effectiveness of the resident coordinator by ensuring impartiality and funding, and by providing additional support to the oversight and backstopping roles of regional director teams; (iii) supporting and testing various options for United Nations country team coordination and coherence through more innovative approaches responding to country-specific demands under the pilots that are being launched; (iv) continuing provision of support services to the United Nations system at the country level, including a wide range of common services, for example, related to common premises, operations, and security; (v) providing a leadership role to key United Nations inter-organization processes, such as the cluster approach in early recovery or the development of the international strategy for disaster risk reduction; (vi) administering multi-donor trust funds in specific post-crisis settings; and (vii) leading the harmonization of policies and procedures in such areas as finance (including International Public Sector Accounting Standards), information and communication technology and human resources.

(c) *Promoting and supporting United Nations system-wide partnership strategies.* Working through partnership is fundamental to the future effectiveness and relevance of the work of the United Nations in development. UNDP will establish clear, measurable strategies to develop and expand an array of new United Nations system-wide partnerships. These will include:

(i) a set of strong partnerships with United Nations organizations covering joint objectives;
(ii) a strengthened partnership with the international financial institutions (IFIs), particularly with the World Bank; and
(iii) an array of specific initiatives to develop United Nations system-wide partnerships with the private sector, civil society, local actors and foundations.

(d) *Strengthening support to the United Nations development agenda through UNDP areas of programmatic work*, and in promoting and strengthening United Nations system-wide partnership strategies, including:

(i) MDG advocacy, engaging the IFIs in particular, and embedding the MDGs into national and local poverty reduction strategies;
(ii) Making democratic governance work for the poor;
(iii) Operational support for gender equality and women's empowerment results with UNIFEM;
(iv) Supporting countries in mainstreaming environment in their strategies and actions and promoting environmentally sustainable development with UNEP;
(v) Mobilizing the United Nations system in early recovery and prevention, with the Office for the Coordination of Humanitarian Affairs;
(vi) Supplementing aid-effectiveness support to partner countries and ensuring United Nations system compliance with and support for Paris Declaration commitments with the World Bank; and
(vii) Mainstreaming capacity development strategies into all programme interventions.

(e) *Strengthening public governance* in many countries as the *conditio sine qua non* for making progress on the MDGs. For that purpose, a dedicated effort will be

continued – and, where needed, intensified – to strengthen country-level institutional response in the struggle against HIV/AIDS, within the framework of strong UNAIDS coordination, and with UNDP acting, in many countries, as implementing agency for the Global Fund to fight AIDS, Tuberculosis and Malaria.

(f) Supporting the functioning of the United Nations Development Group (UNDG). This requires direct support to the Administrator in his capacity as chair of the UNDG as well support more generally to the entire machinery underpinning the UNDG. Measures will be identified that focus on both the substantive support required as well as the secretariat and support services needed. Closer coordination between the existing Executive Boards and UNDG mechanisms will be pursued in furtherance of this objective

35. The areas of development focus of UNDP for 2008-2011 derive principally from the MDGs and the Millennium Declaration values, and are reflective of the UNDP commitment to further sharpen its focus on areas where it has a comparative advantage. They will be designed in line with the ongoing efforts to improve the division of labour within the United Nations system so as to foster and maximize synergies. Naturally, UNDP should be responsive to country demand and provide the necessary coordination and operational support, maximizing the benefits from its global network of country offices that underpin the role of the United Nations as a partner in development. At the same time, UNDP should deepen and build upon its particular expertise in four development focus areas that are all crucial to promoting inclusive growth and development:

(a) Poverty reduction and the Millennium Development Goals;
(b) Democratic governance;
(c) Crisis prevention and recovery; and
(d) Environment and sustainable development.

36. The attached outline of the strategic plan provides further information on the range of key priority areas being considered for each of the four development focus areas. The Board is invited to consider and provide guidance on the main directions outlined.

37. For the achievement of the objectives outlined above, UNDP will continue – to relying on its business model – to distinguish between its three major functions:

(a) United Nations coordination;
(b) Advocacy and advice; and
(c) Development services.

38. Compared to the previous period, the setting for the business approach has changed in a number of ways. In line with the TCPR, more emphasis is being placed on representation in the different regions, aligned with other United Nations organizations. Moreover, the fundamental change in recent years to respond to country ownership and country demand has greatly influenced many multilateral and bilateral development organizations. For UNDP this has strengthened the case for its tradition of a relatively decentralized operational management. The challenge in the near future will be to accommodate an ongoing 'hands-on' presence on the ground with the need to step up coordination to be more agile and responsive to the needs of programme countries.

39. While the proposals by the High-level Panel on System-wide Coherence still need to be discussed and decided upon, the UNDP business model will have to take into account more than ever before the distinction between its United Nations

development policy coordination and system support on the one hand; and the advocacy, advice and development services on the other hand. With the Administrator responsible for the overall strategic design and direction of the organization, the division of labor within UNDP will be based on a transparent attribution of accountability, with relevant information fully accessible to United Nations partners and governments. This will evolve over time, as experiences with coordination and coherence pilots – and ultimately guidance by the Board – indicate the best practical ways to avoid undue competition within the system and conflicts of interest within the organization. A critical function of the strategic plan is to establish a target for the overall resources of UNDP during the 2008-2011 period.

40. Currently, UNDP resources comprise four distinct elements: (a) regular (core) resources, allocated according to criteria and appropriations established by the Executive Board; (b) contributions from bilateral donors which are earmarked to themes, countries or specific activities; (c) non-bilateral and multilateral contributions which are earmarked to themes, countries or specific activities; and (d) local resources provided by programme countries which stay within the same country. In 2005, regular resources amounted to $921 million in nominal terms, while each of the non-core categories represented between $1 billion and $1.4 billion. Total income in 2005 amounted to close to $5 billion. Furthermore, UNDP has been entrusted with additional resources to administer on behalf of the United Nations system. These resources, which are not considered income to UNDP, were estimated at $1.5 billion in 2006.

41. The strategic plan will provide an overall target that includes all categories of UNDP resources, bearing in mind a key difference between the implications of the target for core and that for the non-core categories. The target figure adopted by the Executive Board for core contributions does represent a consensus around the desirability of reaching a certain resource level in support of the strategic plan and planned activities and priorities. By contrast, the non-core target can only represent an estimate of the aggregated amounts UNDP expects to be able to work with.

42. An analysis of recent trends and of General Assembly and Executive Board references suggests the following broad consensus: While the recent increases in core contributions are warmly welcomed, further efforts must be made to reach an adequate, stable regular resource base. Non-core contributions make a vital contribution to the work of the organization, particularly for responding to country-specific circumstances. Yet attention is needed to ensure a better balance between core and non-core, and to ensure that UNDP's share of non-core resources is aligned to its comparative advantages and its defined roles within established divisions of labour. Current analysis suggests that the way forward is twofold: (a) to increase core contributions for the organization's activities thus reducing the pressure for non-core mobilization; and (b) to ensure that non-core funding is channeled to strategic programme initiatives as well as to country programme priorities coordinated with the United Nations Country Teams.

43. The UNDP core target for 2000-2003 was $1.1 billion by 2003. In 2002, UNDP had fallen far short and it was agreed to restate the same nominal target for the period 2004-2007. UNDP was on target in 2004 and 2005, will be close to $1 billion in 2006 and will fall short at current projections by an estimated $70-80 million against the overall target of $1.1 billion in 2007. The Administrator

proposes to apply the following methodology to set the core target for 2008-2011. Estimates will be provided for:

(a) the management of the resident coordinator system, recognizing that the United Nations development system is widely seen as being at a cross roads and that an investment in the future coherence of the system is needed;

(b) programmatic resources in the areas of UNDP's recognized comparative advantage and areas based on the demand for UNDP support from programme countries, including all costs associated with programme effectiveness and management. The methodology will (i) look at historical evidence and make projections in each of these areas; (ii) take a sample of UNDP programmatic resource requirements embedded in UNDAFs at the country level as a basis for extrapolation; and (iii) take into account estimates for areas, reviewing UNDP's added value;

(c) programme implementation management; and

(d) management support costs.

44. With regard to other resources, the Administrator will have to rely to a greater extent on historical evidence and information regarding trends in the external environment relating to the provision of non-core resources. Finally the Administrator will also provide estimates relating to resources administered by UNDP on behalf of United Nations partners.

IV. Programming arrangements

45. A critical challenge for UNDP in the next programming cycle is to find where and how core resources can generate the maximum development impact as well as optimize the implementation of the strategic plan and the United Nations reform agenda. Hence, the Administrator's proposals relating to the future programming arrangements will be presented as an integral part of his proposals relating to the strategic plan. His proposals follow from the vision elaborated in the strategic plan and in turn have significant implications for the presentation of the biennial budget. The present chapter identifies a number of the key issues which will require decisions by the Executive Board.

(a) The Administrator will make specific proposals relating to the classification of different categories of resources appropriated by the Board. In the past, resource appropriations have been determined largely by whether the resources were included in the programming arrangements process or the biennial budget process. The result has been a complex system. The Administrator seeks to develop a simplified classification of resource categories that would form a single integrated proposal for consideration by the Board. Broadly speaking three major resource categories will be proposed: (i) resources allocated for Support to UN system-wide coordination; (ii) resources allocated to UNDP programme and to ensure development effectiveness; and (iii) resources allocated to management functions.

(b) The Board will need to consider the time-frame it wishes to adopt for the framework of the programming arrangements. In the past it has been constructed on a four year cycle. In order to improve the effectiveness of the framework and create greater flexibility to adapt to changing requirements, the Administrator will present some options on the time-frame for future frameworks.

(c) The Administrator will present his recommendations regarding the basic principles currently underlying TRAC resource allocation. In 2005, the Board approved some new arrangements subject to reconfirmation regarding the management of TRAC-2 resources. The relationship of TRAC-1 and TRAC-2 resources and the future principles to be applied in the management of TRAC-2 resources will need to be given careful consideration by the Board. With regard to TRAC-1, it may be worthwhile to consider a revision of the criteria used for resource allocation. It should be noted, however, that based on studies already undertaken, the main alternatives to the current distribution methodology have not been considered to be very representative. As such, UNDP is also studying the TRAC-2 criteria to identify better options for improving the overall resource allocation framework with a view to maximizing development effectiveness. The Administrator will make recommendations in that regard at a later date.

(d) The current financial framework sets out purposes for which core resources can be used in line with the key objectives of the organization and according to defined principles. The review of existing programming arrangements points out the complexity and limited flexibility of the current structure of the financial framework. The Administrator proposes to review the financial framework in line with the new resource categorization as described above with the objective to increase the effectiveness of resource allocation and simplify the current structure.

V. Biennial support budget

46. The vision contained in the strategic plan and the specific proposals incorporated in the Programming Arrangements will impact significantly on the structure and presentation of the Biennial Support Budget. UNDP is currently engaged with UNICEF and UNFPA in a budget harmonization exercise with the objective of gradually introducing results based budgeting (RBB). The three agencies believe that a common budget approach produces budgets that are more cohesive and understandable to the Executive Board. A major objective of introducing RBB is to provide a better linkage between and integration of the biennial budget and the strategic plans of the three organizations.

(a) The proposals in the Programming Arrangements will define the content of what is included in the biennial budget. The budget will need to be read as an integral part of a submission which includes the strategic plan and the Programming Arrangements

(b) UNDP, in collaboration with UNICEF and UNFPA will make proposals relating to the gradual move towards the implementation of Results Based Budgeting (RBB). The three agencies will organize an informal session with the Board in early February 2007 to share progress made on the joint inter-agency RBB exercise.

(c) Against the background of increasing levels of non core resources, an effective cost recovery policy remains a critical component of the budget. The issue of cost recovery has been extensively discussed over the last year. As per EB decision 2006/30, UNDP will present in June 2007 a comprehensive assessment on the effectiveness of the existing cost recovery policy. The findings of this assessment will inform necessary changes in the current policy, including recommendations to increase harmonization of cost recovery practices among agencies.

VI Time line for decision-making by the Executive Board

47. It is evident that the Executive Board will be making critical decisions in 2007 affecting every aspect of the future work of UNDP. The Administrator is most conscious of his responsibility to present the Board in the best possible sequence with all the elements necessary to enable the Board to make these decisions. Furthermore it is clear that the decisions to be taken are very much interlinked and can not be taken in isolation. Against this background, the Administrator proposes to pursue the following time line relating to the provision of the necessary information and the holding of consultations.

Type of consultation	Deadline
Informal consultation with Executive Board on the assessment of the programming arrangements for the period of 2004-2007	18 January 2007 (to be confirmed)
Presentation and discussion of conference room paper on the strategic plan 2008-2011, Programming arrangements and biennial support budget	23 January 2007
Informal consultations with the Board to update on status of process of preparing the strategic plan	End February 2007
Joint UNDP, UNICEF and UNFPA informal consultations on RBB	February 2007
Informal consultations with the Board on first, informal draft of strategic plan	Mid-March 2007
Informal consultations with the Board on options for future programming arrangements for 2008-2011 and the biennial support budget, 2008-2009	End March 2007
Submission and discussion of the draft strategic plan at annual session of the Board	22 June 2007
Submission and discussion of the programming arrangements for 2008-2011 at annual session of the Board	22 June 2007
Submission and discussion of the assessment of the effectiveness of the existing cost-recovery policy	June 2007
Submission to ACBAQ of the biennial support budget, 2008-2009	End June 2007
Official endorsement of the UNDP strategic plan, 2008-2011, programming arrangements for 2008-2011 and the biennial support budget, 2008-2009	14 September 2007

VII. Conclusion

48. The present paper has set forth, in broad terms, the main ideas and approaches of UNDP senior management in preparing for the formulation and integration of the strategic plan, programming arrangements and biennial support budget. The purpose of the paper is to present an outline sufficient to stimulate discussion and obtain feedback from the Executive Board. The content of the draft strategic plan will be informed by these discussions as well as by other important ongoing internal and external processes.

49. The paper highlights a number of issues for the Executive Board to consider and provide its guidance. It invites comments on the global development context that will inform the design and implementation of the three strategic planning instruments. It sets out for discussion the mission, main theme, areas of focus and key result areas being considered for 2008-2011, along with some programmatic areas of emerging importance and increased emphasis for the organization based on the current development context. In addition, the paper presents some of the main operational principles expected to guide the programmatic work of UNDP and to contribute to enhancing its development effectiveness.

50. Guidance from the Executive Board is also being requested in relation to the evolving coordination role of UNDP within the United Nations development system, and on the strategies and approaches being considered to increase the effectiveness of the organization in filling this role while maintaining the confidence of other UN partners and programme country governments.

51. With respect to resources, the paper invites discussion on the challenges facing the organization in attaining a stable and adequate core resource base and informs the Executive Board on the current status of the preparation of the programming arrangements and a results based biennial support budget. The Board is also requested to note the timetable for consultation on more detailed proposals relating to the programming arrangements, biennial support budget, and cost-recovery policy.

Annex

UNDP strategic plan 2008-2011
Annotated outline

Introduction

- Brief introduction explaining purpose, structure and content of the strategic plan.

Chapter I. Global development context

- Review of critical challenges to the advancement of human development and the achievement of the MDGs. Specific issues will include:
  - Global human development challenges
    - Uneven growth and increased inequality
    - Deficits in democracy, participation and post-elections governance
    - Environmental degradation and climate change
    - Conflicts and disasters
  - The Millennium Declaration values and commitments
  - The MDGs
  - Global commitments to national ownership and to principles of partnership

Chapter II. The United Nations and development

- Review of the major issues of UN reform and the role of the UN in promoting international development and global public goods, including:
  - MDG campaign post-midpoint
  - Resources: increasing growth, less debt, more ODA
  - Need for greater UN coherence
- The implications of landmark reports and policy documents on the UN and its role in development. These include:
  - The Triennial Comprehensive Policy Review
  - The report of the UN Secretary General "In Larger Freedom"
  - The report of the High-Level Panel on system-wide coherence "Delivering as One"*
  - The Paris Declaration on Aid Effectiveness
  - The report of the High-Level Panel on financing for development
  - The report of the Secretary-General on the Beijing+10 Review
- The importance of partnerships and cooperative frameworks with major bilateral and multilateral development agencies, emerging non-traditional donors, private sector, civil society and local actors. Integration of the contributions from UNV, UNCDF and the South-South Unit and definition of areas of cooperation with UNIFEM so as to maximize synergies.
- Review of the experiences and lessons learned from the UNDG 2004-2007 Framework and the 2004-2007 MYFF.
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Chapter III. The vision and business of UNDP

A. Vision and mission

- The vision and mission of UNDP derive from the values and objectives of the Millennium Declaration which provides the overall framework for its goals of promoting:
  - Human development, expanding choices by providing access to capabilities and opportunities to realize all human rights, including gender equality and women's empowerment
  - Inclusive and pro-poor growth to reduce poverty

* Currently under consideration by the Secretary General.

- Democratic and responsive governance and inclusive participation
- The principles of sustainable development
- A culture of peace and dialogue
- A shared responsibility for development

• Statement of the UNDP mission:

"UNDP is the UN's global development network, helping countries to develop capacities to achieve human development and providing access to expertise aimed at poverty reduction, democratic governance, crisis prevention and recovery, environment, and sustainable development"

B. Operational principles

UNDP will continue to seek to enhance development effectiveness through:

- Capacity development – moving from best practices to guiding standards
- Gender equality – promoting women's empowerment
- Human rights based approaches – putting people first
- Civic engagement – enhancing and serving national ownership
- Extensive and intensive partnerships working with partners
- South-South cooperation – advocating new approaches

C. The business model

- United Nations coordination
- Policy advice and advocacy
- Development services

Chapter IV. United Nations coordination

A. Strengthening support to the United Nations system-wide reform agenda

• UNDP's strengthened support to the United Nations system-wide development agenda, including through enhanced coordination with other development actors in promoting the agenda and follow-up throughout the system.

• UNDP's role in advancing the knowledge management system within the United Nations, and ensuring dissemination and sharing of best practices.

• UNDP's role in United Nations advocacy for the preservation of global public goods as part of inclusive globalization.

• Facing the challenge for the United Nations system as a whole – to support member states in the delivery of the MDGs by 2015.

B. Resident coordinator system coordination

- UNDP's role in managing the resident coordinator system.
- Development of more strategic UNDAFs.
- Implementation of TCPR recommendations.

C. United Nations partnerships

- Strengthened institutional partnerships amongst United Nations organizations.
- Strengthened institutional partnerships with the IFIs.
- United Nations partnerships with civil society, foundations and the private sector.

D. Indicators and targets

- Performance indicators and targets with respect to UNDP policy and coordination.

E. Resources

- Human, institutional and financial resources required to achieve UNDP coordination results.

Chapter V. UNDP operations

A. Introduction

- A presentation of the context and justification for the selected focus areas, with emphasis on Millennium Development values and goals and on country ownership. It will highlight UNDP's comparative advantages, recognizing the division of labour within the United Nations system; and the importance of maximizing synergies with other United Nations organizations. UNDP will focus on delivering results that contribute meaningfully to global, regional and national development.

B. Strategic priorities and new directions

- An expression of the dynamic changes expected during the period and accentuation of new directions to be pursued (such as inclusive development, prevention of natural disasters, post-crisis employment generation, economic governance, and access to energy). The Human Development Report as a strategic tool for global and national advocacy.

C. Mandated development focus areas

- A presentation of a narrower set of focus areas. Explanation of how operational principles such as capacity development and civic engagement will be addressed within the specific context of each focus area. Gender equality and women's empowerment as a goal in its own right but also as a means to achieving all other goals.

(a) ***Poverty reduction and the MDGs***

An overview of goals and strategies to reduce global poverty and advance the MDGs. It will encompass UNDP's work on poverty and inclusive growth. It will address the urgent need to step up global, national and local efforts to address serious deficits in MDG results at mid-point (July 2007). Reference will be made to initiatives such as the MDG support services. It will highlight key UNDP partnerships, including the contributions of UNCDF (inclusive financial services), UNV, South-South Unit; strengthening synergies with UNIFEM; and UNAIDS coordination, addressing the still growing HIV/AIDS crisis.

(b) ***Democratic governance***

This will focus on inclusive participation and responsive governing institutions, including issues of economic governance and public service delivery. It will take key partnerships into consideration, including the contributions of UNCDF (local governance), UNV and UNIFEM. It will highlight the strong UNDP commitment to the governance of HIV/AIDS responses.

(c) ***Crisis prevention and recovery***

An overview of UNDP priorities with respect to crisis prevention and recovery, including early recovery, disaster/ risk reduction, and an eight point agenda for women's empowerment and gender equality. The narrative will take into consideration the contributions of UNV and UNIFEM.

(d) ***Environment and sustainable development***

An overview of UNDP priorities for environment and sustainable development to advance the MDGs. This will include promoting sound environmental management for poverty reduction and inclusive growth, harnessing emerging environmental markets, addressing the growing challenge of climate change vulnerability, and expanding the poor's access to sustainable energy services. Partnership with other agencies, in particular UNEP, and with the private sector will be of fundamental importance.

D. Development results

- Under each focus area UNDP will delineate a limited number of key result areas. An example of how this might be presented is shown below. UNDP will define, within these result areas, a well-validated set of development outcomes to be pursued during the period. In addition, a sub-set of strategic outcomes will be selected for the purpose of reporting to the Executive Board.

Working example of proposed results framework with development focus areas

Focus area	Key results areas
Poverty reduction and the MDGs	• Promoting inclusive growth • Fostering inclusive globalization • Supporting the preparation and implementation of MDG-based national development strategies • Mitigating the impact of AIDS on human development
Democratic governance	• Fostering inclusive participation: expanding equal opportunities for engagement by the poor, women, youth, indigenous people, and other marginalized groups excluded from power • Strengthen responsive institutions: helping the state to reflect and serve the needs, concerns and interests of all people. • Integrate United Nations principles, policies and activities concerning democratic governance • Strengthening the governance of AIDS responses
Crisis prevention and recovery	• Reducing the risk of crisis and systematic prevention of disaster • Restoring the foundation for development after crisis
Environment and sustainable development	• Mainstreaming environment: widening policy, institutional and fiscal options to reduce poverty and achieve the MDGs • Catalyzing environmental finance: creating conditions that allow markets to provide effective solutions for sustainable development • Adapting to climate change: mainstreaming climate change risk management into national development strategies • Expanding access to environment and energy services: developing national capacities for services delivery for the poor

- The strategic plan will also indicate to how UNDP will improve its results-based reporting.

E. Strategic management priorities

- A concise set of organizational effectiveness priorities with measurable indicators that will enhance UNDP's operational performance and contribute to United Nations coordination, including:
  - Approaching gender parity at all levels
  - Strengthening the accountability framework
  - Implementing systems of risk management
  - Further development of results based management and results based budgeting
  - Ensuring adequate human resource quality and staff policies

F. Resources

- Key characteristics and trends in the current funding environment
- An overview of the current composition of UNDP resources and those resources administered by UNDP on behalf of the UN system
- A review of previous resources targets (the MYFF, 2000-2003 and the MYFF, 2004-2007)
- An overview of actual and projected resources by category for the period 2008-2011
- The target approach for UNDP resources for the period 2008-2011, including targets for regular (core) and other (non-core) resources.